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HOUSE BILL 325

43RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 1998

INTRODUCED BY

FRANK BIRD

AN ACT

RELATING TO TAXATION; REDUCING INCOME TAX RATES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-7 NMSA 1978 (being Laws 1994, Chapter 5, Section 20) is amended to read:

"7-2-7. INDIVIDUAL INCOME TAX RATES. --The tax imposed by Section 7-2-3 NMSA 1978 shall be at the following rates for any taxable year beginning on or after January 1, [1996] 1998:

A. For married individuals filing separate returns:

If the taxable income is:	The tax shall be:
[Not over \$4,000	1.7% of taxable income
Over \$ 4,000 but not over \$ 8,000	\$ 68.00 plus 3.2% of
	excess over \$ 4,000
Over \$ 8,000 but not over \$ 12,000	\$ 196 plus 4.7% of

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1	_____	excess over \$ 8,000
2	Over \$ 12,000 but not over \$ 20,000	\$ 384 plus 6.0% of
3	_____	excess over \$ 12,000
4	Over \$ 20,000 but not over \$ 32,000	\$ 864 plus 7.1% of
5	_____	excess over \$ 20,000
6	Over \$ 32,000 but not over \$ 50,000	\$ 1,716 plus 7.9% of
7	_____	excess over \$ 32,000
8	Over \$ 50,000	\$ 3,138 plus 8.5% of
9	_____	excess over \$ 50,000]
10	<u>Not over \$2,500</u>	<u>\$ 0</u>
11	<u>Over \$2,500 but not over \$12,000</u>	<u>3.0% of excess over</u>
12		<u>\$2,500</u>
13	<u>Over \$12,000</u>	<u>\$285 plus 6.6% of the</u>
14		<u>excess over \$12,000.</u>

15 B. For surviving spouses and married individuals
16 filing joint returns:

17	If the taxable income is:	The tax shall be:
18	[Not over \$8,000	1.7% of taxable income
19	Over \$ 8,000 but not over \$ 16,000	\$ 136 plus 3.2% of
20	_____	excess over \$ 8,000
21	Over \$ 16,000 but not over \$ 24,000	\$ 392 plus 4.7% of
22	_____	excess over \$ 16,000
23	Over \$ 24,000 but not over \$ 40,000	\$ 768 plus 6.0% of
24	_____	excess over \$ 24,000
25	Over \$ 40,000 but not over \$ 64,000	\$ 1,728 plus 7.1% of

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1 ~~_____ excess over \$ 40,000~~
2 ~~Over \$ 64,000 but not over \$100,000 \$ 3,432 plus 7.9% of~~
3 ~~_____ excess over \$ 64,000~~
4 ~~Over \$100,000 \$ 6,276 plus 8.5% of~~
5 ~~_____ excess over \$100,000]~~
6 Not over \$5,000 \$0
7 Over \$5,000 but not over \$24,000 3.0% of excess over
8 \$5,000
9 Over \$24,000 \$570 plus 6.6% of
10 excess over \$24,000.

11 C. For single individuals and for estates and
12 trusts:

13 If the taxable income is:	The tax shall be:
14 [Not over \$5,500	1.7% of taxable income
15 Over \$ 5,500 but not over \$ 11,000	\$ 93.50 plus 3.2% of
16 _____	excess over \$ 5,500
17 Over \$ 11,000 but not over \$ 16,000	\$ 269.50 plus 4.7% of
18 _____	excess over \$ 11,000
19 Over \$ 16,000 but not over \$ 26,000	\$ 504.50 plus 6.0% of
20 _____	excess over \$ 16,000
21 Over \$ 26,000 but not over \$ 42,000	\$1,104.50 plus 7.1% of
22 _____	excess over \$ 26,000
23 Over \$ 42,000 but not over \$ 65,000	\$2,240.50 plus 7.9% of
24 _____	excess over \$ 42,000
25 Over \$ 65,000	\$4,057.50 plus 8.5% of

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excess over \$20,000.

E. The tax on the sum of any lump-sum amounts included in net income is an amount equal to five multiplied by the difference between:

(1) the amount of tax due on the taxpayer's taxable income; and

(2) the amount of tax that would be due on an amount equal to the taxpayer's taxable income and twenty percent of the taxpayer's lump-sum amounts included in net income.

F. The maximum taxable income amount in the first line of the table under Subsection A, B, C or D of this section may be referred to as the "zero bracket amount" for that table. "

Section 2. Section 7-2-12 NMSA 1978 (being Laws 1965, Chapter 202, Section 10, as amended) is amended to read:

"7-2-12. TAXPAYER RETURNS--PAYMENT OF TAX. --Every resident of this state and every individual deriving income from any business transaction, property or employment within this state and who is not exempt from tax under the Income Tax Act who is required by the laws of the United States to file a federal income tax return and whose taxable income exceeds the zero bracket amount for the individual's filing status shall file a complete tax return with the department in form and content as prescribed by the secretary. The return required and the tax imposed on individuals under the Income Tax Act are due and payment is required on or before the fifteenth day of the fourth

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month following the end of the taxable year. "

Section 3. APPLICABILITY. --The provisions of this act apply to taxable years beginning on or after January 1, 1998.